

Business-to-Business Marketing



The Situation

In your hometown, a specialty bicycle manufacturing business, Superior Bikes, is up for sale. The price for the business is relatively low, because sales are sluggish, due to poor sales and bidding practices with bike retailers, the distribution channel. This could be a great opportunity for you.

Your Role

You have bought the business! You have been lucky and the operations manager (who is very good) has agreed to stay and run all the production. You now need to understand your capacity and costs, so you can bid on orders at a price that makes money and deliver on your promises.

Learning Phase

In this phase, you will practice in a small, simplified manufacturing business. Step-by-step instruction will show you how to identify the capacity of your factory, determine your cost per bike, find opportunities to bid on, price those bids and eventually deliver the business. You'll also see what happens when you miss a delivery.

Challenge Phase

In this phase, you have bought Superior Bikes; now you want to make money! Your goal is to meet a specific cumulative profit target in the next three months. You should scan the list of incoming bid opportunities from retailers and understand those that you have the capacity to produce. Bid them at prices that can win but that also make money. Be careful not to over-commit. If you fail to produce an order on time, you will not receive additional bid opportunities from that retailer.

At the option of your Professor, you may be able to retry the Challenge Phase multiple times. Only your best grade will count.

B2B Marketing in the Simulation

The simulation contains a full working model of a bicycle manufacturing business. The simulation also models retailers who want to purchase bicycles from manufacturers. These retailers are modeled as having different demands for pricing. In general, those placing larger orders will demand lower prices. The delivery times they demand will also vary. Retailers will pay a premium for rush orders. If a manufacturer accepts orders but then doesn't have the capacity to ship them on time, customers will become very angry and no longer do business with that firm. For simplicity, customers consider the quality of all bikes the same and purchase only on price and delivery.

Discussion Questions

What types of information and communication between departments are often required in business-to-business marketing?

Why can failures to deliver be more damaging in business-to-business marketing than in business-to-consumer marketing?

Describe your strategy for selecting opportunities to bid on in the simulation?

Describe how you would go about bidding on business during a period when demand is very high?

Describe how your bidding might change during a recession (a period of low demand)?